

FORMAL EDUCATION

I. OVERVIEW

This Program Memorandum covers Formal Education, the seventh of the eleven major programs in the statewide program structure.

The overall objective of the Formal Education program is: to maximize each individual's intellectual potential; to contribute to his or her personal development, enhance his or her social effectiveness, and provide the basis for satisfying careers by making available a series of high quality formal education programs; to add to human knowledge by conducting basic and applied research; and to enhance the welfare of the community by offering instruction and other services to the general public.

The Formal Education program is comprised of two principal sub-programs -- Lower Education and Higher Education. A total of 16 individual lowest-level programs and their associated plans are included in the Multi-Year Program and Financial Plan for the Period 2007-13.

The following State agencies are involved in the Formal Education program: Department of Education (DOE) (6 programs); Public Charter Schools (1 program); Hawaii State Public Library System (HSPLS) (1 program); University of Hawaii (UH) (7 programs); and Department of Defense (DOD) (1 program).

Significant relationships among the Formal Education program and private agencies and other jurisdictions will be discussed under the Level II program sections because of their direct relationships. It would suffice to note here that private concerns, e.g., private elementary and secondary schools and colleges, supplement services provided by this program, and various federal agencies provide funding to specific Lower and Higher Education programs.

The major activities of this program include: classroom teaching of students of all ages; tutorials; supervising independent scholarly work; counseling students; operating libraries; conducting basic and applied research in the laboratory and in field; assisting individuals and groups in the community; conducting classes for and making presentations

to the general public; disseminating general and specialized information; and carrying out all of the administrative, logistical, and technical tasks needed to support students, faculty, staff and facilities.

There are a number of developments and trends, which significantly affect the Formal Education program. These include:

- a. Improving student achievement and proficiency for all students in grades kindergarten through the 12th grade, as part of the No Child Left Behind (NCLB) Act of 2001.
- b. Implementation of the Individuals with Disabilities Education Improvement Act (IDEA) of 2004, as reauthorized.
- c. Implementation of Act 51, SLH 2004, the Reinventing Education Act of 2004, as amended by Act 221, SLH 2004, as a framework to improve accountability, streamlining and empowerment in Hawaii's public school system.
- d. Demographic changes in the State population, which affect enrollment in DOE and UH systems.
- e. Removal of federal court oversight over the provision of educational services for students with mental health needs, due to the State's successful compliance with the Felix Consent Decree.
- f. Shifts in student demand among academic programs at UH.
- g. Technological changes affecting instructional content and delivery of instructional and other services.
- h. Greater flexibility and autonomy for UH to manage its resources and develop a stronger entrepreneurial approach, provided by Act 115, SLH 1998.

Table I-1 provides actual and estimated expenditures for the 2007-09 fiscal biennium and cost projections for the six-year budget and planning period for the Formal Education program. Total program costs will fluctuate from \$3.8 billion in FB 2007-09 to \$3.6 billion in the proceeding years. Total operating cost will increase from \$3.5 billion in FY 07-08 to over \$3.6 billion at the end of the budget and planning period in FY 12-13. It is noted that no capital investment costs are reflected in the planning period because projects are under review.

TABLE I-1

INVESTMENT AND OPERATING COSTS

FORMAL EDUCATION

	Fiscal Years							
	Actual <u>2005-06</u>	Est. <u>2006-07</u>	Rec. <u>2007-08</u>	Rec. <u>2008-09</u>	Projected			
					<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
A. <u>Cost of the Recommended Program A/</u>								
Capital Investment	373.4	254.2	367.5	249.4	...	...	...	...
Operating B/	2,730.0	3,223.7	3,452.1	3,562.0	3,574.8	3,602.5	3,611.5	3,638.8
Total	3,103.4	3,477.9	3,819.6	3,811.4	3,574.8	3,602.5	3,611.5	3,638.8
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percentage of students completing school.	...	95.7	95.7	95.7	95.7	95.7	95.7	95.7
Number of degrees granted as a percentage of freshmen entering University of Hawaii - Manoa four years ago.	68	68	68	68	68	68	68	68

A/ Expenditures in millions of dollars from all funds.

B/ Operating costs do not include any anticipated collective bargaining increases for the budget and planning period.

II. COST AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

This section discusses activities, costs and effectiveness of the major Level II programs, which constitute the Formal Education program.

LOWER EDUCATION

General Description of the Program

The basic objective of the Lower Education program is to assure that all children in prescribed school age groups learn fundamental facts, concepts, and reasoning processes; develop appropriate physical, social, aesthetic, and basic occupational skills; and acquire attitudes and values necessary for successful functioning in society by providing guidance, instruction, training, exposure to learning experiences, and opportunities to mature. In addition, a supplementary objective of the program is to enhance welfare of the community by offering instruction and other services of benefit to the general public. All of these objectives center on the basic goal of helping children as they grow up, by exposing them to different experiences and challenges and to use their minds and bodies for their own benefit and ultimately for good of the community. While most of the activities of the Lower Education program deal with children and adolescents from kindergarten to high school, standards-based instructional programs are also offered to people who want to continue their education after high school, but who are unable to take or uninterested in taking college- or university-level courses.

A total of nine lowest-level programs, operated by two departments, make up the Lower Education program. The Board of Education (BOE) is responsible for eight programs, while DOD operates one program. The eight programs under BOE are for Public Charter Schools, Libraries, and DOE.

Hawaii has the only single, statewide public school system in the nation. It is governed by a 14-member BOE that is empowered by the State Constitution to formulate policy and exercise control over the school system through its chief executive officer, the Superintendent of Education. The Superintendent is supported by a Deputy Superintendent and five Assistant Superintendents, each of whom is responsible for a major staff division (Curriculum, Instruction and Student Support; Business Services; Human Resources;

Information and Technology; and Fiscal Services). In addition, the Superintendent is assisted by 15 Complex Area Superintendents who are responsible for supervising standards implementation at schools in each complex area.

Hawaii's public school system is among the largest in the nation with a student enrollment of 179,234 in School Year 2006-07. It includes 253 regular, 2 immersion, 2 special, and 27 charter schools or 284 schools in all. The organization of schools by elementary, middle/intermediate, and high school generally follows the pattern used by school districts across the country. The regular curriculum is organized around subject matter areas such as language arts, mathematics, and science. Special instructional help is given to the deaf, blind, orthopedically handicapped, mentally retarded, emotionally disturbed, learning disabled and hospital-bound students. Alternative classroom arrangements are provided to students who have difficulty learning in a regular classroom, and specialized assistance is given to students who primarily speak a language other than English and to students who are educationally disadvantaged by virtue of their families' economic condition.

The Charter School Administrative Office manages one program in Lower Education, which provides funding for public charter schools. Each public charter school is governed by its own local school board.

Under provisions of Act 150, SLH 1981, the public libraries were placed under the direct control of the BOE. The State Librarian, under policies established by the BOE, is responsible for the operation of a statewide public library system comprised of 51 libraries.

HAWAII NATIONAL GUARD YOUTH CHALLENGE ACADEMY

DOD administers the Hawaii National Guard Youth Challenge Academy (HINGYCA) which provides non-traditional students ages 16 to 18 a second chance to obtain their high school diploma.

The HINGYCA is a preventative rather than remedial "youth at risk" program that targets unemployed, drug-free, high school dropouts 16 to 18 years of age. Core components of the program are citizenship, academic excellence (GED/High School attainment), life-coping skills, community service, health and hygiene, leadership/followership, life skills training, and physical fitness training. The five-month residential phase is followed by a year long mentoring relationship with

specially trained mentors from each youth's community. Youth Challenge Academy is a voluntary educational program that stresses academic preparation, leadership development, mentoring, physical fitness, and post-graduate placement in jobs, continued education and/or a military career.

Hawaii is one of 33 Challenge program sites in 31 states and Puerto Rico and is funded by matching State (40%) and federal (60%) funds. Funded by the United States Department of Defense and administered by the National Guard, this 17-month program consists of a five-month residential phase followed by a 12-month post-residential mentoring and career development phase.

The goal of the program is to use military-based training to significantly improve the life skills and employment potential of youth that cease to attend secondary school before graduating. Since the inception of HINGYCA on September 27, 1994, 25 classes have completed the residential phase of the academy. This translates to over 1,900 cadets that have completed Phase I. Over 80% of those cadets have secured their high school diploma.

Cost and Effectiveness of the Program

Table II-1 indicates the total annual program costs of the Lower Education program which are expected to fluctuate from a high of \$2,604.3 million to \$2,450.3 million over the budget and planning period. This can be attributed to fluctuations in projected fixed costs for health insurance and debt service, as well as capital improvement costs. It is noted that no capital investment costs are reflected in the planning period because projects are under review.

TABLE II-1

INVESTMENT AND OPERATING COSTS

LOWER EDUCATION

	Fiscal Years							
	Actual 2005-06	Est. 2006-07	Rec. 2007-08	Rec. 2008-09	Projected			
					2009-10	2010-11	2011-12	2012-13
A. <u>Cost of the Recommended Program A/</u>								
Capital Investment	226.4	170.3	156.7	163.4	...	...	...	...
Operating B/	2,064.7	2,254.6	2,409.0	2,440.9	2,450.3	2,470.7	2,477.3	2,497.3
Total	2,291.1	2,424.9	2,565.7	2,604.3	2,450.3	2,470.7	2,477.3	2,497.3
B. <u>Selected Measures of Effectiveness/ Activity</u>								
Percentage of reduction in Chapter 19 offenses.	...	1	1	1	1	1	1	1
Percentage of diploma candidates receiving a diploma through adult education.	20	20	20	20	20	20	20	20
Percentage of week that library services are available.	43	42	42	42	42	42	42	42

A/ Expenditures in millions of dollars from all funds.

B/ Operating costs do not include any anticipated collective bargaining increases for the budget and planning period.

The operating costs for the Lower Education program are expected to increase from \$2,409.0 million in FY 07-08 to \$2,497.3 million in FY 12-13. Expenditures for personal services, equipment, motor vehicles and other current expenses are included in the operating costs. The increases reflect increases in costs for health insurance and debt service, to meet requirements of NCLB, and workload increases due to opening of additional school facilities. However, it does not include any anticipated collective bargaining salary increases or other pay increases for the planning period.

Presently, 86% of the operating costs are supported by the State General Fund. Special funds, derived from the school lunch program, adult education and summer school classes, comprise 1.5% of the costs, and federal funds in the form of formula and discretionary grants make up 11% of operating costs of the Lower Education program.

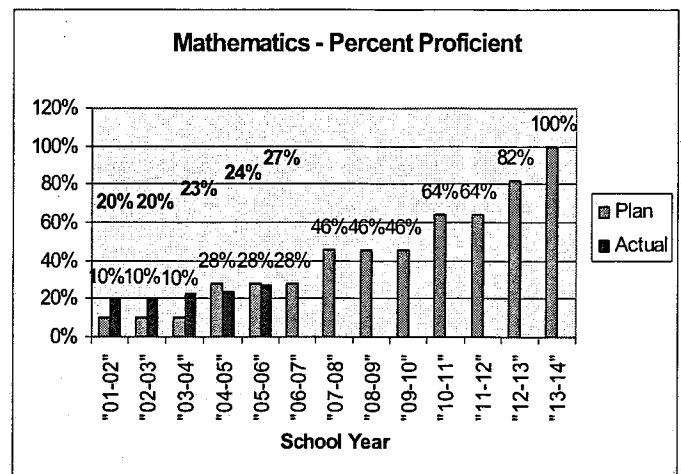
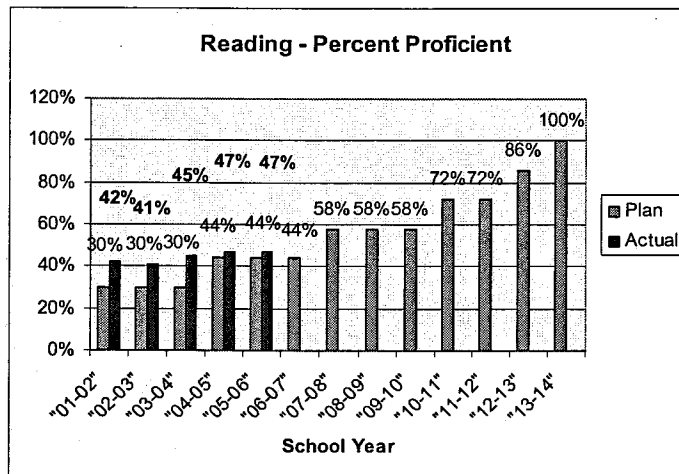
DOE receives two major types of federal grants--block grants and categorical grants. Block grants are made generally to State or local communities according to a formula such as population, unemployment figures, or other socio-economic factors. There is greater flexibility in use of these funds as long as they are applied to the overall purposes for which they were appropriated. Categorical or discretionary grants are competitive grants that are awarded for specific projects or delivery of specific services. These grants vary in duration and there is no assurance of continuing funds beyond the grant period.

Capital investment costs for the program fluctuate from year to year to coincide with acquisition of land and design and construction of schools, libraries and other facilities. It is projected that the number of school facilities will increase during the budget and planning period due to new or expanded housing projects, which will increase the school-age populations of some localities. Permanent facilities are constructed where conditions warrant them and DOE will continue to accommodate temporary fluctuations in enrollments through use of portable classrooms.

The Federal NCLB Act of 2001 (Public Law 107-110), signed by President Bush on January 8, 2002, has prescribed five performance goals for all state education agencies, including Hawaii:

1. By 2013-14, all students will reach high standards, at a minimum attaining proficiency or better in reading/language arts and mathematics.
2. All limited English proficient students will become proficient in English and reach high academic standards, at a minimum attaining proficiency or better in reading/language arts and mathematics.
3. All students will be taught by highly qualified teachers.
4. All students will be educated in learning environments that are safe, drug-free, and conducive to learning.
5. All students will graduate from high school.

The DOE has achieved consistent growth in student achievement towards the overall goal of 100% proficiency for all students in reading and math by the school year 2013-14, as depicted below:



One of the significant program measures assesses the success of the adult education program to retain enrollees in their courses through the courses' completion. Based on past experience, the program does not project significant increases in the completion rate.

For the HSPLS, outsourcing of collection development, increased use of automation and on-line serials decreases costs, increases productivity, and shifts resources to public service days and hours, allowing them to maintain a steady rate of service with their allocated resources.

HIGHER EDUCATION

General Description of the Program

The overall objective of the Higher Education sub-program is to develop eligible individuals to the highest levels of intellectual, personal, social and vocational competency commensurate with their abilities and desires; to add to the sum of human knowledge by conducting basic and applied research; and to enhance the welfare of the community by offering instruction and other services of benefit to the general public.

A total of seven individual, Level III programs and their associated plans are included under this Level II program at UH.

The UH system carries on a full range of programs in support of its instruction, research and public service objectives. The University system currently includes one major research university, two baccalaureate colleges and seven community colleges.

The President of the University serves as executive officer of the Board of Regents and as such is responsible for educational leadership and administration of the statewide system. Vice-presidents and chancellors serve as chief administrative officers for UH Mānoa, UH Hilo and UH West Oahu, as well as the Community College system.

Actual total headcount enrollment of the UH system for the fall semester of 2005 was 50,157. This includes 20,644 students at UH Mānoa, 3,422 at UH Hilo, 858 at UH West O'ahu and 25,233 students in the community colleges. Table II-2, following, summarizes the growth of the University system since 1995.

TABLE II-2
SOME INDICATORS OF GROWTH IN THE UNIVERSITY OF HAWAI'I

Indicator	1995-96	2000-01	2000-01 as % of 1995-96	2005-06	2005-06 as % of 1995-96
1. Total Hawai'i high school graduates	12,434	13,380	108	13,399	108
2. Entering students, fall semester 1/	8,267	7,085	86	7,562	91
3. Entering students as a % of Hawai'i high school graduates	66	53	--	57	--
4. Resident entering students, fall semester 2/	7,018	5,853	83	5,989	85
5. Resident entering students as a % of total entering students, fall semester	85	83	--	79	--
6. Undergraduate enrollment, four-year campuses, fall semester 3/ 4/	16,809	15,031	89	18,316	109
7. Undergraduate enrollment, two-year campuses, fall semester 4/	26,853	23,777	89	21,839	81
8. Two-year campus enrollment as a % of four-year campus undergraduate enrollment, fall semester	160	158	--	119	--
9. Graduate enrollment, fall semester	6,580	5,670	86	6,500	99
10. Graduate enrollment as a % of four-year campus undergraduate enrollment	39	38	--	35	--
11. Total UH operating budget year ending June 30 (all funds) (\$ millions - current dollars)	505.4	549.0	108.6	595.0	117.7
(\$ millions - constant 1995-96 dollars)	505.4	460.0	91.0	487.8	96.5
12. State general fund allocation, UH year ending June 30 (\$ millions - current dollars)	282.6	390.1	138.0	¹ 563.0	199.2
(\$ millions - constant 1995-96 dollars)	282.6	326.8	115.6	461.5	163.3
13. State general fund allocation, UH as a % of total operating budget (current dollars)	56	71	--	95	--
14. Total State general fund appropriation (\$ millions), year ending June 30	3,178.3	3,432.9	108.0	4,740.3	149.1
15. General fund allocation, UH as a % of total State appropriation	8.9	11.4	--	11.9	--
16. Hawai'i State personal income, calendar year (\$ millions)	29,926	34,451	115	43,953	147
17. General fund allocation, UH as % of personal income	0.94	1.13	--	1.28	--

1/ Entering students includes first-time freshmen at UH Mānoa and UH Hilo, and all first-time students at the UH Community colleges.

2/ Resident entering is the total in Item #2 less those first-time students from the U.S. mainland, U.S. possessions and foreign countries.

3/ Undergraduate includes records with invalid data on education level at the four-year campuses.

4/ Fall 2005 undergraduate enrollments include students who are home-based at other UH campuses.

1 Includes Pension, Health Benefits, Social Security, Debt Service, & Risk Management cost.

Cost and Effectiveness of the Program

The recommended operating budget for the Higher Education program shown on Table II-3 contains \$2,173.7 billion for FB 2007-09 (\$1,047.9 billion for FY 07-08 and \$1,125.8 billion for FY 08-09).

As Table II-3 indicates, total annual program costs are expected to decrease from \$1,258.7 billion to \$1,146.2 billion over the budget and planning period (FY 07-08 to FY 12-13). Operating costs changes from \$1,129.2 billion to \$1,146.2 billion over the planning period. It is noted that no capital investment costs are reflected for the planning period because projects are under review.

TABLE II-3

INVESTMENT AND OPERATING COSTS
MEASURES OF EFFECTIVENESS FOR THE RECOMMENDED PROGRAM

HIGHER EDUCATION

	FISCAL YEARS							
	Actual 2005-06	Estimated 2006-07	Recom- mended 2007-08	Recom- mended 2008-09	Projected			
					2009-10	2010-11	20011-12	2012-13
A. Costs of the Recommended Program¹								
Capital Investment	779.4	83.9	210.8	86.0	...	...	...	...
Operating	668.4	973.9	1,047.9	1,125.8	1,129.2	1,136.7	1,139.0	1,146.2
Total	1,447.8	1,057.8	1,258.7	1,211.8	1,129.2	1,136.7	1,139.0	1,146.2
B. Selected Measures of Effectiveness								
1. No. of degrees granted as a percentage of entering freshmen four years ago (Manoa)	69	69	69	69	69	69	69	69
2. No. of degrees granted as a percentage of entering freshmen four years ago (Hilo)	54	54	54	54	54	54	54	54
3. Percentage of UH graduates (Manoa) entering UH Graduate School	18	18	18	18	18	18	18	18
4. Course Completion Ratio (Manoa)	96	96	96	96	96	96	96	96
5. Course Completion Ratio (Hilo)	97	97	97	97	97	97	97	97
6. Credits Earned Ratio (Manoa)	89	89	89	89	89	89	89	89
7. Credits Earned Ratio (Hilo)	89	89	89	89	89	89	89	89
8. No. of awards received as a percentage of the number of proposals submitted (Manoa)	75	75	75	75	75	75	75	75
9. No. of students receiving financial aids as a percentage of student enrollment (Manoa)	43	45	45	45	45	45	45	45
10. No. of students receiving financial aids as a percentage of student enrollment (Hilo)	61	60	59	59	59	59	59	59
11. No. of students receiving financial aids as a percentage of applications received (Manoa)	58	60	60	60	60	60	60	60
12. No. of students receiving on-campus housing as a percentage of requests received (Hilo)	53	60	60	60	60	60	60	60

¹Figures in millions of dollars from all funds.

III. PROGRAM CHANGE RECOMMENDATIONS

This section discusses the significant program change recommendations for the Formal Education program.

LOWER EDUCATION

The DOE requests funding for several basic school service needs, including school food services, student transportation, school maintenance, and school utilities (electricity, water, sewer); for support of testing requirements and schools under restructuring as part of the Federal NCLB Act; and for funding of special education needs.

In addition, new schools and facilities are being constructed in situations where enrollment is increasing, additional facilities are required or existing facilities must be replaced.

HIGHER EDUCATION

UH request funding to address the following higher education needs:

- A. Increase the educational capital of the State.
- B. Expand workforce development initiatives.
- C. Assist in diversifying the economy.
- D. Address underserved regions and populations of the State.
- E. Increase infrastructure support services.
- F. Technical adjustments.

UH's general fund request includes 228 positions and \$25.4 million in FY 08, and 317.5 positions and \$34.0 million in FY 09 for the various campuses to meet their higher education needs. In addition, \$238.4 million in FY 08 and \$253.7 million in FY 09 is requested for UH's portion of debt service, pension and health benefits costs.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

This section discusses the significant conditions, trends and issues which will influence the Formal Education program.

LOWER EDUCATION

The DOE's Strategic Plan specifies three major goals:

- Improve student achievement through standards-based education.
- Sustain comprehensive support for all students.
- Continuously improve performance and quality.

The significant conditions, trends and issues are as follows:

Reinventing Education Act of 2004. The 2004 State Legislature passed the Reinventing Education Act of 2004 (Act 51, SLH 2004, as amended by Act 221, SLH 2004), which enables DOE to significantly reshape the public school system. This effort has been named the Reinventing Education Act for the Children of Hawaii (REACH). It is based on the principles of accountability, streamlining and empowerment.

There were over thirty-seven (37) major provisions of the Act. As of this writing, the DOE successfully implemented thirty-five (35), or approximately 95% of the Act provisions.

The following charts, in checklist format, summarize those accomplishments. The only remaining initiatives currently in progress are: 1) performance contracts for principals, which are currently in discussions with the labor union; and 2) separate educational officer classifications, which are currently in process as part of a contracted comprehensive compensation and classification study that is expected to be completed by August 2007.

Act 51, SLH 2004:

Accountability - Provisions (by Act section number)

Checkmarks indicate successful completion.

O = Currently in progress.

Principals	IV	<input type="radio"/> Principals Accountability defined Performance Contracts for Principals Report
Teachers	VII	<input checked="" type="checkbox"/> Teacher National Board Certification program <input checked="" type="checkbox"/> Salary differential for NBS Teachers <input checked="" type="checkbox"/> Hawaii Teachers Standards Board certification
Educational Accountability	IX	<input checked="" type="checkbox"/> Assess and track measures of academic achievement, safety and well being, and civic responsibility <input checked="" type="checkbox"/> Annual Assessment program <input checked="" type="checkbox"/> Fiscal Accountability <input checked="" type="checkbox"/> Evaluations of CAS/Principals <input checked="" type="checkbox"/> Not less than 70% of Operating budget expended by Principals

Act 51, SLH 2004:

Streamlining - Provisions (by Act section number)

Checkmarks indicate successful completion.

☐ = Currently in progress.

Information Technology Infrastructure	III	<input checked="" type="checkbox"/> Funding to improve IT Infrastructure (Support instructional, student information, fiscal, human resources, and outcome-based research systems) <input checked="" type="checkbox"/> Security and Privacy infrastructure <input checked="" type="checkbox"/> School Technical Support <input checked="" type="checkbox"/> eSIS customization <input checked="" type="checkbox"/> Training
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Reduction of Bureaucracy	VIII	<input checked="" type="checkbox"/> Interagency Working Group creation <input checked="" type="checkbox"/> DAPS functions relating to Repair & Maintenance transfer 7/1/04 <input checked="" type="checkbox"/> 3R's functional & personnel transfer 7/1/04 <input checked="" type="checkbox"/> DAPS & DHRD functions transferred in 7/1/05 <input checked="" type="checkbox"/> B&F & DOH functions in 7/1/06: Interagency Working Group report to 2007 Legislature <input checked="" type="checkbox"/> AG and DHS repealed Act 225, SLH 2006: Interagency Working Group report to the 2007 Legislature <input checked="" type="checkbox"/> Single School calendar <input checked="" type="checkbox"/> Standard Practices <input checked="" type="checkbox"/> Carry over 5% for all EDNs <input checked="" type="checkbox"/> Fiscal flexibility between EDNs and cost elements
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Act 51, SLH 2004:

Empowerment - Provisions (by Act section number)

Checkmarks indicate successful completion.

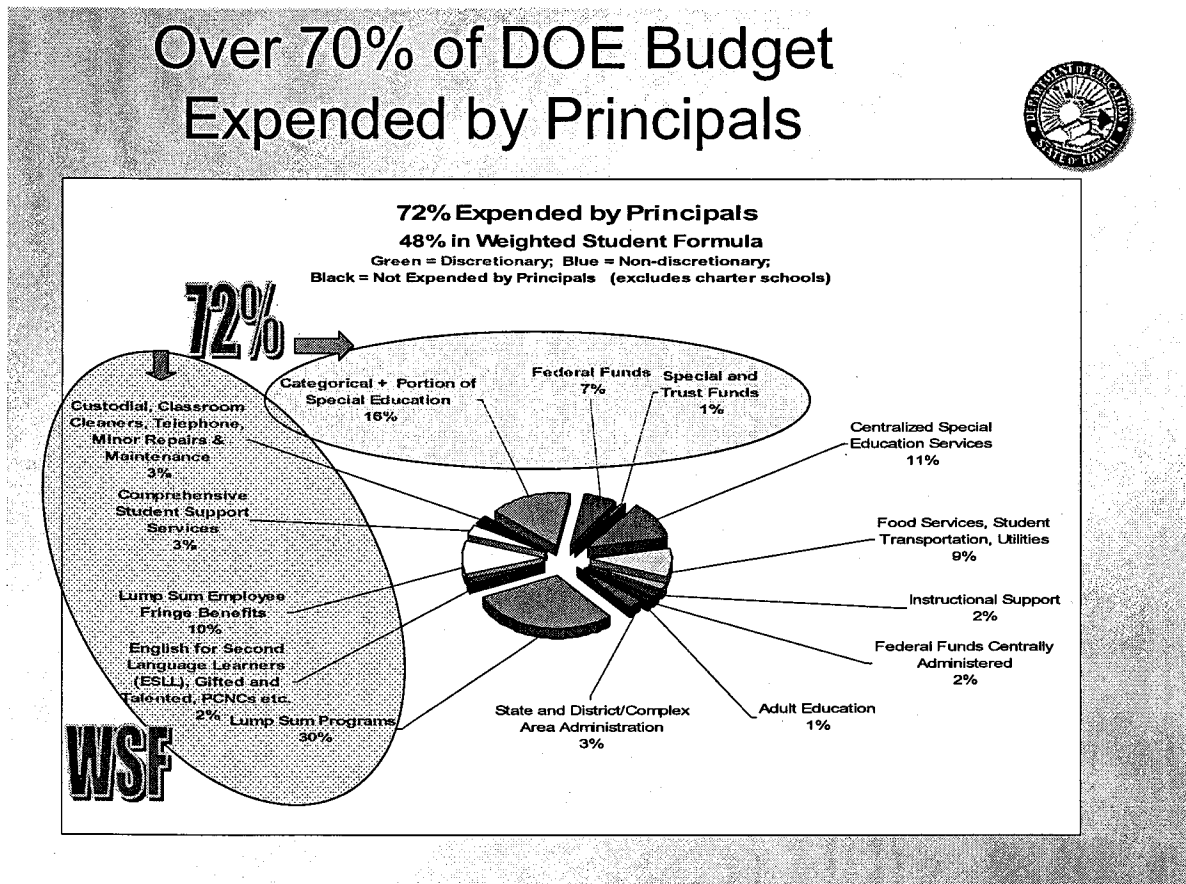
O = Currently in progress.

Weighted Student Formula (WSF)	II	<input checked="" type="checkbox"/> Committee on Weights Creation <input checked="" type="checkbox"/> WSF Phase I
Principals	IV	<input checked="" type="checkbox"/> Principals academy <input checked="" type="checkbox"/> Principals authority defined <input checked="" type="checkbox"/> 12 month principals <input checked="" type="checkbox"/> Appropriation for Principal Recall days <input type="checkbox"/> Two Separate EO Classifications <input checked="" type="checkbox"/> Appropriation for ACE
Community Involvement	V	<input checked="" type="checkbox"/> Creation of School Community Councils <input checked="" type="checkbox"/> PCNC funding for every school
Students	VI	<input checked="" type="checkbox"/> Math Textbooks <input checked="" type="checkbox"/> Lower class sizes in K-2 <input checked="" type="checkbox"/> Year round Student Activities Coordinator

Weighted Student Formula. The BOE has successfully adopted, and the DOE has implemented, a WSF as a completely new method of allocating budgets to schools, effective for the 2006-07 school year. The WSF was recommended to the BOE initially by a Committee on Weights (comprised of members of the community as well as educational representatives) as specified in Act 51, SLH 2004, as amended by Act 221, SLH 2004.

Academic & Financial Plans. Effective beginning with the 2006-07 school year, all schools have successfully developed annual academic and financial plans, as a result of comprehensive and intensive training of school principals through the newly established Hawaii Principals Academy. These plans detail each school's academic goals for students, and show the financial cost elements that comprise the school's resources to achieve those academic goals. Each school's academic & financial plans are viewable and available to the public through school internet websites.

Seventy Percent (70%) of the DOE Budget Expended by Principals. Effective with the 2006-07 school year, the DOE has allocated over 70% of its operating budget for expenditure by principals, as depicted in the following chart:



Responsive School Repairs and Maintenance Services.

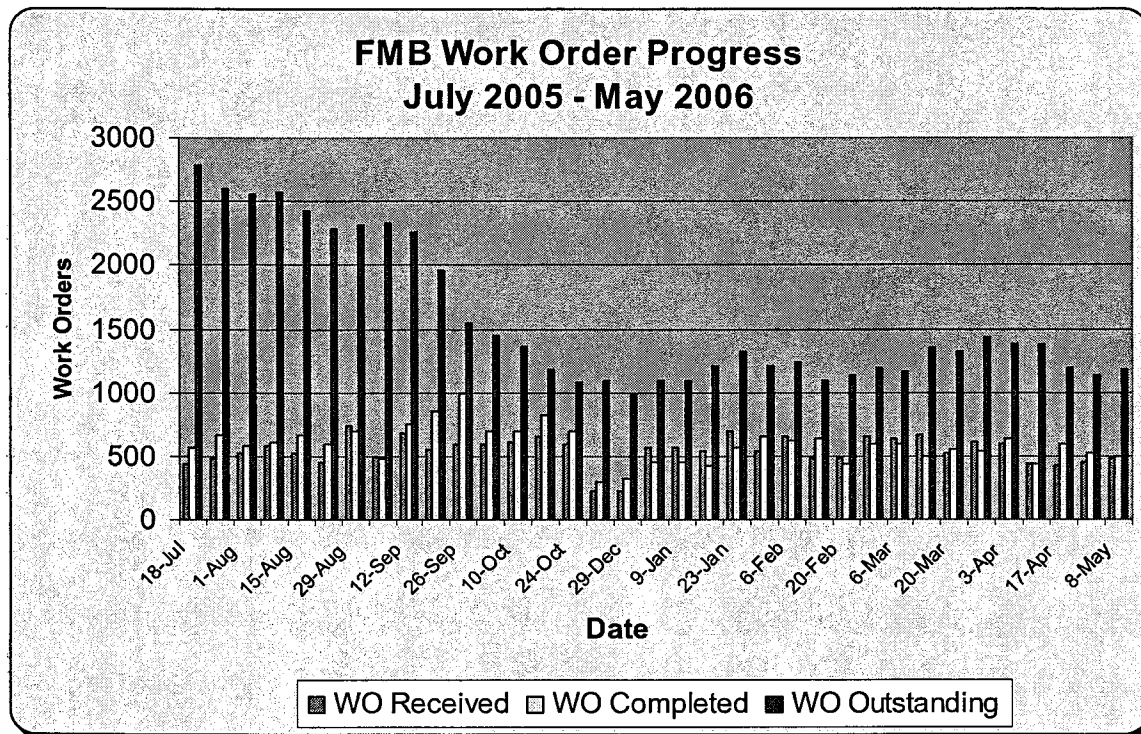
DOE's facilities responsibilities extend to over 262 public school campuses (includes 253 regular, 2 immersion, 3 special, and 4 conversion charter school campuses) statewide consisting of more than 3,972 acres covering in excess of 19 million square feet of building space with an average building age of 59 years (ranging from 1 year to 165 years old).

As part of Act 51, SLH 2004, as amended by Act 221, SLH 2004, functions were transferred to the DOE to align authority with responsibility. The DOE has successfully implemented the transfer of school repairs and maintenance and construction responsibilities to the DOE from the Department of Accounting and General Services (DAGS). This involved the transfer of 207 positions and 450 Public Works Projects.

By focusing on customer service and streamlining processes, the newly developed Facilities Maintenance Branch has achieved significant improvements in the timeliness and quality of school minor repairs and maintenance. The branch established the following metrics and performance standards:

- Ninety percent (90%) of regular work orders are not more than four months old.
- Ninety percent (90%) of emergency requests are responded to within two (2) hours.
- Ninety percent (90%) of trouble calls are responded to within forty eight (48) hours.
- Eight (8) week cycle of maintenance, with flexibility.
- Maintain no more than approximately two weeks of outstanding work orders on an ongoing basis.

Based on those performance standards, schools statewide have been extremely pleased with the responsiveness and service provided for school minor repairs and maintenance. Work order levels outstanding (not completed) have been substantially reduced, as depicted in the following chart:



Streamlined Construction Process.

As another result of the transfer from DAGS, the newly established Facilities Development Branch has achieved improvements by:

- Streamlining the process of initiating projects.
- Developing a shortened, simplified informal bid process for smaller projects under \$100,000.
- Simplifying the contracting and bidding process for major projects.
- Monitoring project status on an automated system.
- Moving construction inspectors' offices to schools during construction.

After only one year of operation in 2005-06 since the transfer to DOE from DAGS, the following progress has been achieved:

- Design: 103 consultant contracts worth \$14 million were executed.

- Construction: 263 projects worth \$119 million were bid out using the formal design - low bid process.
- Informal Bid: 297 smaller projects (each under \$100,000) totaling \$5 million were encumbered and expended through purchase orders.

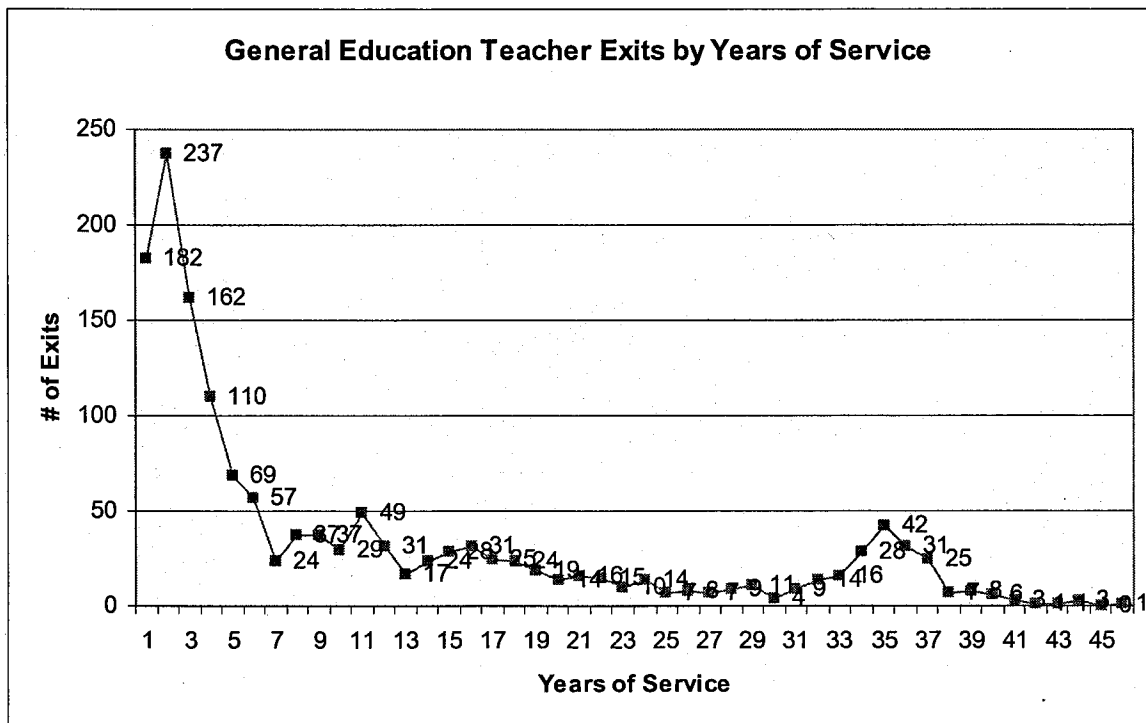
Federal NCLB Act

The Federal NCLB Act of 2001 (Public Law 107-110), continues to be a significant challenge within the Lower Education program. See discussion of NCLB under Part II, Cost and Effectiveness of the Recommended Programs.

Recruitment and Retention of Highly Qualified Employees

Identification, hiring and retention of highly qualified staff for the department, particularly under NCLB requirements, continues to be a concern. The need for licensed staff is more critical in isolated, hard-to-staff geographic areas. Shortages have been experienced for particular subject matter fields of special education, school counseling, Hawaiian language immersion, industrial arts, mathematics and science education. The department has initiated intensified recruiting efforts to identify and hire for these positions.

In addition, retention of teachers in the initial five (5) years has been challenging. As depicted in the chart below, significant numbers of teachers exit the Hawaii public school system within the first five (5) years of service:



The losses of teachers in those first five years are costly to the department due to the investments in terms of training and professional development that have been made in those individuals prior to their departure. The department is developing strategies to assist in retaining teachers so that they stay with the department in a longer career path.

Removal of Federal Court Oversight Over the Provision of Educational Services for Students with Mental Health Needs.

On May 31, 2005, federal court oversight was removed over the provision of educational services for students with mental health needs. This was a landmark achievement of the State, as a result of tremendous school and system efforts coordinated with the Department of Health and the Department of the Attorney General (AG).

Implementation of the IDEA of 2004, as Reauthorized. In 2004, Congress reauthorized the IDEA Act in Public Law 108-446. The department has taken steps to implement the provisions of the Act, in the following major areas:

- Evaluation:
 - Assessments
 - State Assessment Data
 - Parental Consent

- Individualized Education Program (IEP) changes:
 - Present Levels of Performance
 - Goals and Objectives
 - Participants at the Initial IEP for a Preschool Child
 - IEP Amendments
 - Consolidation of IEP Meetings
- Secondary Transition:
 - Appropriate Measurable Postsecondary Goals
 - Transition Services Needed
- Summary of Performance:
 - Academic Achievement
 - Functional Performance
 - Recommendations to Assist the Student in Meeting Postsecondary Goals
- Discipline:
 - School May Remove Student to an Interim Alternative Education Setting (IAES) for 45 Days for Inflicting Serious Bodily Injury (added in 2004).
- Procedural Safeguards:
 - Procedural Safeguards Notice (PSN)
 - Due Process Requests

More Information.

Detailed information on other topics including enrollment and demography, expenditures for public education, and student outcomes and behavior is included in the Superintendent's Sixteenth Annual Report -- 2005, published in March 2006.

HAWAII NATIONAL GUARD YOUTH CHALLENGE ACADEMY

The vision for the Youth Challenge Academy is to expand the number of graduates of the program from the present 200 per year to approximately 300 per year. In the future, the Youth Challenge Academy would like to develop a Hawaii Job Challenge program. This would be a follow up program to the Youth Challenge Academy and would involve vocational and culinary training and certification for employment.

Accomplishment of these goals depends on locating a site that would house both the Youth Challenge Academy and the Hawaii Job Challenge program.

The addition of the Job Challenge program to the Youth Challenge Academy would create another opportunity for continued training and skill development for the graduates. It would also enable the graduates more time to work on their life-coping skills in a controlled environment before they have to put them to use back in their communities. The Job Challenge program would definitely increase the success rate of the graduates.

HIGHER EDUCATION

The number of degrees granted as a percentage of entering freshmen four years ago is 68.5% at the UH Manoa and 54 at UH Hilo. The current ratio of 18% of graduating seniors from Manoa, Hilo, and West Oahu returning to the UH at Manoa Graduate School is expected to remain at the level during the 2005-06 biennium and the planning period. This, obviously, does not represent all students receiving baccalaureate degrees who go on to graduate study since many UH graduates go to mainland colleges or take time off before continuing.

The course completion ratio and credits earned ratio provide good indicators as to the effectiveness of the instructional program. The course completion ratio indicates the number of courses completed of the total originally registered. Manoa projects a level of 96% (for undergraduate courses) for the planning period, while Hilo projects a level of 97%. Credits earned ratio indicates the number of courses successfully completed by students. Manoa projects a level of 89% completion ratio for the planning period, while Hilo also projects a level of approximately 89%.

Lines 9 through 11 indicate the increasing requirements of financial aids to students. While the increasing percentage of students requiring financial aid is consistent with current economic trends, the high percentage of applicants receiving financial aids is a good indication that funds are being made available to meet student demands.

Table IV-1 provides headcount enrollments for the planning period by individual campus and Table IV-2 shows the same enrollment for the system as a whole, broken down by level and general objective of the student. A review of these two tables gives a picture of the general direction in which the enrollment of the University is headed.

Total headcount enrollment declined slightly during the mid-1980s, upturned in 1989, reaching an all time high of 51,677 in fall 1994. Total headcount enrollment for the UH system held steady at around 44,000 students from fall 1975 to fall 1989. From fall 1989 to fall 1994, enrollment grew 18%, reaching a historical peak of 51,667 in fall 1994. Enrollment then declined for several years, before stabilizing at around 45,000 students in fall 1998. Since fall 2000, enrollment again has grown rapidly, increasing 13.4% to reach 50,569 in fall 2004, another system high since fall 1994, and decreasing slightly to 50,157 in fall 2005.

The UH system has experienced a period of enrollment growth. Much of this increase may be attributed to the active recruitment of first-time and transfer undergraduates from the U.S. mainland. However, the forecast on enrollment projects a slight decrease in enrollment in 2006 and modest increases are anticipated thereafter, stabilizing at around 50,000 students by fall 2009.

In fall 2004, the UH enrolled 74.5% of the 67,812 students who attended college in Hawaii. In fact, the largest private institution in Hawaii accounted for only 11.5% of the total enrollment in Hawaii. As compared to the United States as a whole, where enrollment in public institutions accounted for 75.2% of the total enrollment in fall 2004, Hawaii's public higher educational institutions serve a slightly smaller proportion of the State's total college students.

TABLE IV-1

UNIVERSITY OF HAWAII

PROJECTED FALL SEMESTER HEADCOUNT ENROLLMENT OF REGULAR STUDENTS

CAMPUS	ACTUAL	PROJECTED						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
UH AT MANOA	20,644	20,350	20,186	20,109	20,102	20,158	20,268	20,424
Undergraduates	14,352	14,186	14,095	14,046	14,023	14,019	14,038	14,102
Graduates	6,292	6,164	6,091	6,063	6,079	6,139	6,230	6,322
UH AT HILO	3,422	3,341	3,418	3,516	3,568	3,611	3,642	3,668
UH - WEST OAHU	858	873	874	881	891	901	912	924
COMMUNITY COLLEGES	25,233	25,168	25,306	25,402	25,537	25,631	25,730	25,843
Oahu	18,894	18,859	18,929	18,925	18,958	18,998	19,056	19,132
Honolulu CC	4,183	4,235	4,269	4,261	4,254	4,244	4,233	4,228
Kapiolani CC	7,289	7,293	7,343	7,381	7,433	7,485	7,539	7,601
Leeward CC	5,709	5,635	5,628	5,594	5,576	5,567	5,573	5,580
Windward CC	1,713	1,696	1,689	1,689	1,695	1,702	1,711	1,723
Hawaii CC	2,377	2,378	2,387	2,412	2,443	2,461	2,480	2,502
Maui CC	2,903	2,884	2,953	3,028	3,102	3,141	3,164	3,180
Kauai CC	1,059	1,047	1,037	1,037	1,034	1,031	1,030	1,029
TOTAL UH SYSTEM	50,157	49,732	49,784	49,908	50,098	50,301	50,552	50,859

TABLE IV-2

UNIVERSITY OF HAWAII

PROJECTED FALL SEMESTER HEADCOUNT ENROLLMENT OF REGULAR STUDENTS
(By Level and Program)

LEVEL AND PROGRAM	ACTUAL	PROJECTED						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
LOWER DIVISION	32,432	32,458	32,581	32,699	32,852	32,947	33,049	33,201
Vocational	17,995	17,829	17,877	17,917	17,999	18,057	18,127	18,208
General 1/	13,674	13,864	13,940	14,016	14,086	14,124	14,156	14,224
Professional	763	765	764	766	767	766	766	769
UPPER DIVISION	11,225	10,935	10,922	10,941	10,947	10,979	11,021	11,069
General	7,622	7,397	7,415	7,446	7,457	7,486	7,517	7,549
Professional	3,603	3,538	3,507	3,495	3,490	3,493	3,504	3,520
GRADUATE LEVEL	6,500	6,339	6,281	6,268	6,299	6,375	6,482	6,589
General 2/	3,509	3,413	3,390	3,386	3,410	3,456	3,519	3,581
Professional	2,351	2,284	2,247	2,236	2,241	2,269	2,311	2,354
Architecture	87	89	91	93	95	97	99	101
Medicine	254	254	254	254	254	254	254	254
Law	299	299	299	299	299	299	299	299
TOTAL UH SYSTEM	50,157	49,732	49,784	49,908	50,098	50,301	50,552	50,859

1/ Includes unclassified undergraduates.

2/ Includes unclassified graduates at UH Manoa.

Table IV-3 provides still another view of the same basic enrollment data -- the Student Semester Hour "activity measure" generated by the enrolled students, broken down by the type and level of course "workloads" generated.

Table IV-4 provides a partial measure of the output of the University system over the last ten years: the formal academic degrees and certificates awarded to recognize successful completion of recognized blocks of academic skills and knowledge. A comparison of the output of degrees at Manoa over the ten-year period shown in Table IV-4 (FY 95-96 to FY 05-06) with enrollments at Manoa for a similar period but lagged by five years (1990-2000) reveals that classified undergraduate enrollment decreased by 8% (12,073 to 11,151) and the output of bachelor's degrees increased by 2%. The classified graduate enrollment decreased by 5% from 1990 to 2000, and the output of graduate and first-professional (FP) degrees between 1995-96 and 2005-06 increased by 9%. Note: Masters degrees increased 10%, Doctors decreased 21% and FP increased 43%. Increases in FP due in part to addition of Architecture Doctorate. Increase in Masters due in part to addition of Masters in Human Resource Management (MHRM) in College of Business Administration (CBA) and Masters in Kinesiology and Leisure Science in the College of Education.

The quite different relative outputs of Associate in Arts, Associate in Science and Certificates of Achievement among the various community colleges reflect the variation in emphasis between vocational and transfer programs of the various campuses.

Finally, Table IV-5 indicates the average general funded cost per full-time equivalent student over a fiscal year. Costs include all general funds. Kauai Community College has the highest projected cost per FTE student, due to high infrastructure costs and low student FTE counts. Kauai's costs start at \$13,983 in the first year of the projection series. UH Manoa has the second highest projected cost per FTE student, starting from \$12,231 to slightly over \$16,000 at the end of the projection period. Overall, Kapiolani Community College has the lowest costs per FTE student, ranging from \$4,723 to \$5,381, with Leeward Community College having the second lowest costs ranging from \$4,307 to \$5,739. Kapiolani Community College's costs exceed Leeward's costs in 2006-07, the first year of the projection period, but are lower in all subsequent projected years. UH Hilo has the highest professional school cost per FTE student, due in part to high infrastructure costs and low student FTE counts. UH

Manoa's professional school FTE student costs are slightly below UH Hilo's (Note: prior years' figures in Table IV-5 include only direct instructional general fund costs, so are not comparable to the figures in this current table.)

TABLE IV-3

UNIVERSITY OF HAWAII

PROJECTED STUDENT SEMESTER HOURS OFFERED
BY REGULAR STUDENTS ENROLLED IN REGULAR CREDIT PROGRAMS

LEVEL AND PROGRAM	ACTUAL	PROJECTED						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
LOWER DIVISION	352,459	352,079	353,620	355,130	356,678	357,739	358,906	360,577
Vocational	60,338	60,615	61,184	61,607	62,035	62,305	62,562	62,811
General 1/	276,475	275,972	277,006	278,113	279,243	280,031	280,911	282,266
Professional	15,646	15,492	15,430	15,410	15,400	15,403	15,433	15,500
UPPER DIVISION	110,805	108,457	108,231	108,423	108,585	108,982	109,513	110,126
General	67,303	65,590	65,729	66,085	66,312	66,666	67,064	67,479
Professional	43,502	42,867	42,502	42,338	42,273	42,316	42,449	42,647
GRADUATE LEVEL	42,610	41,807	41,450	41,332	41,485	41,898	42,492	43,067
General 2/	15,114	14,695	14,538	14,489	14,592	14,824	15,145	15,460
Professional 3/	27,496	27,112	26,912	26,843	26,893	27,074	27,347	27,607
TOTAL UH SYSTEM	505,874	502,343	503,301	504,885	506,748	508,619	510,911	513,770

1/ Includes unclassified undergraduates.

2/ Includes unclassified graduates at UH Manoa.

3/ Includes First-Professional at UH Manoa.

TABLE IV-4

UNIVERSITY OF HAWAII

Degrees, Diplomas, and Certificates Earned
Fiscal Years 1995-96 Through 2005-06

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
UH AT MANOA											
Certificates in Dental Hygiene ¹	20	21	16	--	--	--	--	--	--	--	--
Associate Degree in Nursing ²	--	--	--	--	--	--	--	--	--	--	--
Bachelor's Degrees	2,782	2,659	2,528	2,481	2,508	2,311	2,326	2,393	2,543	2,647	2,837
Professional Diplomas	265	143	65	54	112	85	51	45	96	78	80
Master's Degrees	1,053	1,168	932	1,041	1,040	921	837	1,002	965	1,140	1,163
Doctor's Degrees	186	175	161	160	152	144	105	128	109	149	147
First Professional Degrees	122	129	128	127	129	142	135	128	146	161	174
No Data	--	--	--	--	1	--	--	--	--	--	--
UH AT HILO											
Bachelor's Degrees	414	421	411	419	411	419	405	450	518	453	537
Certificates in Education	82	45	46	31	36	33	48	36	48	41	59
Master's Degrees ³	--	--	--	--	--	--	1	16	13	3	18
HONOLULU COMMUNITY COLLEGE											
Certificates of Achievement	92	69	82	71	95	71	73	51	46	31	46
Advanced Professional Certificate ⁴										1	2
Associate in Arts Degrees	123	123	113	114	105	116	84	107	121	112	93
Associate in Science Degrees ⁵	331	297	321	249	347	413	312	529	403	417	374
No Data	--	--	3	10	3	--	--	--	--	--	--

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
KAPIOLANI COMMUNITY COLLEGE											
Certificates of Achievement	72	60	71	65	59	60	56	67	58	74	62
Associate in Arts Degrees	194	214	244	251	248	203	241	233	236	270	225
Associate in Science Degrees ⁵	314	350	361	347	412	397	405	308	355	387	354
No Data	--	--	--	--	--	--	--	--	--	--	--
LEEWARD COMMUNITY COLLEGE											
Certificates of Achievement	55	60	40	32	39	28	38	31	17	17	22
Associate in Arts Degrees	350	409	400	421	441	335	395	437	432	391	429
Associate in Science Degrees ⁵	145	163	136	122	126	102	92	91	85	74	82
No Data	--	--	--	--	--	--	--	--	--	--	--
WINDWARD COMMUNITY COLLEGE											
Certificates of Achievement	6	3	6	3	--	--	1	--	--	1	1
Associate in Arts Degrees	129	103	107	110	112	131	137	133	129	109	134
Associate in Science Degrees ⁵	3	5	7	5	3	--	--	--	--	1	--
No Data	--	--	--	--	--	--	--	--	--	--	--
HAWAII COMMUNITY COLLEGE											
Certificates of Achievement	69	62	79	86	52	59	50	71	47	60	67
Associate in Arts Degrees	69	129	116	108	83	102	95	64	100	110	106
Associate in Science Degrees ⁵	262	226	199	207	178	159	148	173	170	145	166
No Data	--	--	--	1	--	1	--	--	--	--	--

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
MAUI COMMUNITY COLLEGE											
Certificates of Achievement	92	79	82	85	71	83	98	94	112	100	119
Associate in Arts Degrees	64	56	45	81	51	47	68	79	95	108	109
Associate in Science Degrees ⁵	73	81	78	91	97	105	130	120	101	98	132
No Data	--	--	1	--	--	--	--	--	--	--	--
KAUAI COMMUNITY COLLEGE											
Certificates of Achievement	36	39	36	29	32	24	33	22	20	41	23
Associate in Arts Degrees	55	49	60	44	52	41	35	51	24	55	31
Associate in Science Degrees ⁵	89	99	123	94	47	58	62	50	45	69	60
No Data	--	--	--	--	--	--	--	--	--	--	--
UH - WEST OAHU											
Bachelor's Degrees	199	199	147	189	196	221	179	167	212	194	265
Subject Certificate (SC)	--	--	--	--	2	3	9	26	25	23	16

Source: *Degrees and Certificates Earned, FY 2004-05* MAPS reports; ODS IRO_Degrees, FY 2005-06.

¹ Undergraduate Certificate in Dental Hygiene terminated by the UH Board of Regents, effective Spring 1998.

² Associate degree program in Nursing terminated by the UH Board of Regents, effective July 1994.

³ Master's Degree (MA) in Hawaiian Language and Literature approved by the UH Board of Regents, effective Fall 1997. Master's Degree (MEd) in Education approved by the UH Board of Regents, effective Fall 2000. Master's Degree in China-U.S. Relations approved by the UH Board of Regents, effective Fall 2002.

⁴ Third year Advanced Professional Certificate approved by the UH Board of Regents, effective Spring 2004.

⁵ Includes AS, AAS and AS-College Transfer and ATS degrees.

TABLE IV-5

UNIVERSITY OF HAWAII

AVERAGE COST PER FTE STUDENT ENROLLMENT - GENERAL FUNDS 1/
BY CAMPUS

	FISCAL YEAR						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
UH Manoa	\$12,231	\$13,060	\$13,680	\$14,335	\$14,877	\$15,523	\$16,277
UH Hilo	\$9,914	\$10,265	\$10,417	\$10,753	\$11,053	\$11,492	\$12,036
UH West Oahu	\$7,984	\$8,463	\$8,747	\$9,031	\$9,300	\$9,615	\$10,027
UH Community Colleges	\$6,411	\$6,541	\$6,796	\$7,076	\$7,329	\$7,649	\$8,034
Hawaii CC	\$7,941	\$8,406	\$8,694	\$9,000	\$9,286	\$9,643	\$10,095
Honolulu CC	\$8,014	\$8,415	\$8,799	\$9,228	\$9,617	\$10,107	\$10,677
Kapiolani CC	\$4,723	\$4,441	\$4,608	\$4,789	\$4,943	\$5,142	\$5,381
Kauai CC	\$13,983	\$14,872	\$15,527	\$16,312	\$17,023	\$17,870	\$18,853
Leeward CC	\$4,307	\$4,547	\$4,763	\$4,997	\$5,203	\$5,448	\$5,739
Maui CC	\$7,019	\$7,251	\$7,378	\$7,538	\$7,741	\$8,047	\$8,444
Windward	\$8,039	\$8,513	\$8,879	\$9,250	\$9,572	\$9,973	\$10,449
Professional Schools 2/:							
UH Manoa	\$14,294	\$15,295	\$16,029	\$16,782	\$17,405	\$18,149	\$19,040
UH Hilo	\$15,806	\$16,359	\$16,431	\$17,204	\$17,757	\$18,471	\$19,342
UH West Oahu	\$3,049	\$3,231	\$3,331	\$3,443	\$3,551	\$3,660	\$3,815

1/ Includes all general funds

2/ Professional Schools include:

UH Manoa

School of Architecture

College of Business Administration

College of Education

College of Engineering

School of Law

School of Medicine

School of Nursing

School of Social Work

School of Travel Industry Management

UH Hilo

College of Agriculture

UH West Oahu

Professional Studies (Business Admin, Justice Admin, Public Admin)

Sources: General fund projections from the University Budget Office, November 2006. FTE student projections extrapolated using source data from the MAPS Enrollment Projections reports for each UH unit, Fall 2006 to Fall 2012, University of Hawai'i Institutional Research Office, November 2006..

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

Not applicable.